

1 EXECUTIVE SUMMARY

1.1 Project Background

This project started back in 2000 with the RFP. Since award of the initial contract, the team has completed three major projects including this Business Blueprint document.

1.1.1 Implementation at the Department of Mental Health

In 2000 and continuing into 2001, the Office of the Comptroller General, the Budget and Control Board, and the Department of Mental Health issued a request for qualifications (RFQ) and a request for proposals (RFP) to select a vendor or team of vendors to provide a statewide enterprise resource planning solution, which includes implementation services and document imaging software. The State of South Carolina (the State) selected SAP R/3 as its enterprise resource planning solution and Team IA as the document imaging provider. A pilot project to automate the financial and procurement processes for the Department of Mental Health began in late 2001 and successfully went live on November 1, 2002. This pilot project was the initial initiative of the South Carolina Enterprise Information System.

1.1.2 South Carolina Enterprise Information System Business Case Study

To fully evaluate the merits of an integrated statewide implementation, the State conducted a return-on-investment (ROI) analysis and prepare a Business Case to document the expected costs and savings. The Team surveyed 74 state agencies, boards, and commissions; interviewed dozens of government executives; identified the best practices of other states; and analyzed the costs of various options for moving forward. The report summarized the results of the analysis and was presented by the Comptroller General and Executive Director of the Budget and Control Board as the beginning of the plan for a statewide implementation.

Through discussions with the SCEIS Oversight Committee, evaluations of pros and cons, and discussion with individuals involved with the rollout and implementation of the solution in other state governments, the SCEIS team defined the implementation plan as a multi-year rollout of functionality. The functionality would be subdivided into three primary areas, including Financials, Human Resources/Payroll, and Budget Preparation. The state agencies would be divided up into groupings for each of the Financial and Human Resource/Payroll rollouts. All agencies would be involved in the Budget Preparation rollout. Central agencies would be included in the first or an early rollout initiative. The implementation plan would follow a phased 4 to 5-year schedule.

Prior to the rollout of each primary area, the State project team (which includes support and participation from the agencies) would develop a Business Blueprint. These blueprints would provide a common statewide business model for implementing SAP in all agencies. The initiatives and rollout waves have been defined based on discussion and review of agencies type, agency size, and similarity of agency systems. The results of the discussions and review enabled the Business Case project team to identify a practical approach to implementing the functions and agencies over a period of time.

The business case study defined a high-level project scope and projected a total implementation budget of \$62.8 million. This budget included hardware, software, training, and implementation and configuration costs. The SCEIS Program team is committed to implementing the SCEIS within this budget. We understand the overall budget situation in the State and the importance of completing this project within the high-level budget defined in the business case study.

1.2 Overview

Following the delivery of the Business Case Study, the SCEIS project team began preparation for the initial business blueprint, Financial and Procurement functions. A plan for preparation of the financial and procurement blueprint was prepared in August 2004, and work began to build a project team and coordinate subject matter experts for review of statewide business processes. The Business Blueprint serves to define 'How' the organization currently operates as well as provides a foundation for the project team on how the solution will be used to manage the activities of the organization. The Business Blueprint included a series of workshops and discussions with Subject Matter Experts (SME's) within the organization. For the State, the SME represented a cross-section of individuals from agencies of varying sizes. The SME provided the project team with an understanding of how business was conducted in the current environment which was used to provide process flows and a basis for how the SCEIS solution can and will be used in the future.

The Business Blueprint workshops began on October 18, 2004 with a review of the high-level organization structures within the SCEIS system. The individuals involved in the initial discussions began their education on the SCEIS solution and helped the project team to understand how organizations existed within the State. The SME's became involved in detailed workshop sessions on October 25, 2004 in both the Finance and Purchasing (referred to as Materials Management within the SCEIS solution). Over 100 individual workshop sessions were held with SME's to review finance and procurement processes. A summary of the workshops has

been included in section 6.2 of this document. Representatives from over 50 agencies attended the individual workshop sessions.

The results of the blueprint workshops, the discussions and reviews of strategies required during the next phase, and a plan for deploying the SCEIS solution has been included in this document.

1.3 Intended Audience and Document Purpose/Use

The business blueprint document contains a number of high-level process designs and decisions reached by members of the blueprint workshops. The document is intended to describe how the State will conduct business from a common, statewide set of business processes. The document is not intended to describe every detail in the process, nor is it intended to describe how to configure (setup) the system. The document is the baseline for moving into the next phase of the project. The guidance with the document, as defined and agreed to within the workshops, will provide the project team with information necessary to begin setting up the SCEIS solution. Additional decisions will need to be reached and concluded upon. To the extent these decisions impact the overall system design as defined in this blueprint, they have been included as an Open Item and appear in the Appendices.

The document contains an abundance of information and can serve different purposes for each set of users/stakeholders. The following describes how each of the identified user groups/stakeholders can utilize the information within the document.

1.3.1 State Executives/Agency Finance Directors/Agency Procurement Directors

The Executive Summary of the Business Blueprint document provides an overall guideline as to the activities that occurred during the blueprint, the specific information contained in the document and how training and change management will be approached within the next phase. The document also identifies the key functional areas where the SCEIS solution will look to take advantage of standardized business processes. The adoption of this standardization is critical to the ultimate success of the project. Much of the expected value to the state results from the fact that the functional processes that agencies have in common will be standardized across the enterprise.

1.3.2 Agency SME's

Many agency SME's were involved in the workshop discussions and decisions reached. The SME's should be familiar with their specific area of expertise within the document and begin to

formulate how their agency will fit into the overall statewide processes. Outside of the functional areas where standard business processes are defined there is flexibility in the decision making that will allow agencies to fit the system into their needs. These decisions will be identified and reached during the implementation planning and will largely involve the structure of master data records, data conversion, and interfaces. It should be noted that exceptions to the standard processes will require formal review and approval by the project team. The agency SME's were instrumental to the development of the business processes and review of decisions reached.

1.3.3 Agency Project Managers

The agency project managers will be responsible for guiding and managing the activities and tasks necessary for the implementation of their agency. A liaison from the SCEIS project team will be assigned to assist the project manager during this time period. The agency project manager should begin to review the functionality and scope of the areas being implemented and the initial template of questions and decisions that will need to be reached. As the templates for implementation are released, the agency project managers can begin gathering resources and building the timelines for their specific implementation.

1.3.4 SCEIS Project Team

The SCEIS project team should become intimately familiar with the blueprint document. The document provides the foundation for configuring the SCEIS solution to meet the needs of the State based on the business processes and decisions reached. The SCEIS project team will use the blueprint document to contain the scope of the functionality being implemented and help to identify where resources and support will be needed for implementation. The SCEIS project team will take the ownership of updating the processes and decisions reached over the implementation cycle in this document or a separate item. The business process flows will continue to be refined and drilled down to lower levels as the solution is configured.

1.4 Blueprint Document Components

The Business Blueprint is comprised of the following sections:

- **Executive Summary** – Provides an overview of the blueprint process included in the scope of this project and the approach for reviewing the processes with the State SME. The summary also discusses the primary components of the SCEIS solution and how they fit within the business functions of the State.

- **Functional Areas** – Provides an analysis of each of the primary functional areas including the objectives of the area, business requirements for the area, high-level process flows to be used in the SCEIS solution, reporting needs, and workflow needs.
- **Technical Summary** – Provides a series of strategies for approaching the technical system environment of the SCEIS solution. The strategies serve as a baseline approach for defining the individual areas of security, interfaces, printing, transports, system administration and the overall technical landscape.
- **End user Training Strategy** – Provides an approach and sample curriculum for delivery of end-user training. The training strategy defines the process for development and approval of materials as well as identifies the tools to be used in the process.
- **Agency Implementation Plan** – Provides an update to the rollout plan of the SCEIS solution and identifies the discussion points to be reviewed with each agency during the implementation timeframe. This section also addresses the strategy for controlling changes to the SCEIS solution environment during the implementation timeframes and specific considerations that need to be addressed within a change control strategy.

The blueprint document is supported by several components of information contained within the Appendix.

- **Appendix** (SCEIS NOTE 10/11/05: All sections except for OUTSTANDING ITEMS omitted as they require known update or represent previously published information.)
 - **Functional Requirements Checklist** – Provides a listing of the detailed requirements as identified by the State in the issuance of the Request for Proposal in 2000. The requirements were taken into consideration during the blueprint workshop discussions and reviewed as part of the Functional Area Reviews.
 - **Workshop Summary** – The workshop summary includes a comprehensive listing of each workshop held by functional area and the key objectives of the workshop.
 - **Business Process Master List** – The Business Process Master List (BPML) identifies a core set of transactions for the baseline implementation of the SCEIS solution. Throughout the next phase, the project team will adjust the BPML. The BPML serves as the starting point for transaction identification and will also be used for identification of training materials.

- **Business Blueprint Outstanding Items** – The listing includes those items raised during the workshops that remain open at the time of the blueprint. These items include the identification number back to the Open Items db, the description of the open item and action steps necessary to close or complete the open item.
- **Agency Implementation Plan Template** – The template identifies the specific areas that need to be addressed by the project team and agency during their implementation. The section provides a level of detail below the Agency Implementation Plan section and identifies specific questions and documents that will be used for implementation.
- **Project Plan** – A project plan addressing the next phase of activities as well as the timing of the SCEIS projects for finance and materials management, budget preparation and human resources/payroll has been provided. The plan level detail included in the appendix is at a summary level. A more detailed Microsoft Project document has been developed to support this summary information.
- **IT Survey** – A survey of the current systems and solutions in place at each agency is provided. The survey includes an update to the information obtained and consolidated for the Study in February 2003. A subset of the information is provided in the appendix. The comprehensive set of information is available for analysis with each agency.

1.5 Business Blueprint Activities

1.5.1 Functional Workshops and Reviews

Approach

The business blueprint activities began with the identification of the functional areas and decomposing the functional areas into specific focused workshop topics. Agendas were built for the workshop topics, attendees were solicited from the agencies, and the workshops were scheduled. The attendees were notified via e-mail of the workshops and materials, as appropriate, were made available to the attendees of the workshop. The SCEIS project used a project website to coordinate the communications of the materials and workshop schedules as well as a repository for minutes and documentation.

The workshops, numbering in excess of 100, were scheduled and held between October 2004 and April 2005. The workshops provided an opportunity for the SME to identify and discuss how business operates under their current environment based on open-ended questions provided to them. The answers from the questions were used to interpret how the SCEIS solution could be

used to replace these current processes. The assessment was discussed with the SME as part of the workshop and documented in the form of minutes. The minutes of the workshops served to form the basis for the recommendations and decisions.

Following the workshop discussions, a summary presentation was presented to the SME and individuals from the agencies that were unable to attend the workshops. The summaries were presented as Functional Area Reviews and provided a consolidated view of the workshops held, the decisions made, the requirements reviewed and a summary of the results of open items. Items that were discussed and resolved during the workshop were also included with the appropriate response in the Functional Area Review. Functional Area Reviews were held for each of the functional areas. Within the Finance functions, ten functional area reviews were held. Within Materials Management, 3 functional area reviews were held. The results of the functional area reviews were also made available on the SCEIS website.

Functional Components

The workshops included the finance and materials management components that were planned as part of the scope of the implementation. The functional areas included:

Exhibit 1.5.1-1 Blueprint Functional Areas

Functional Area
Funds Management
General Ledger
Accounts Receivable
Accounts Payable
Cash Management
Asset Accounting
Travel
Cost Accounting
Project Accounting
Grants Management
Purchase Requisitions
Invitations to Bid
Purchase Orders
Inventory Management

Within each functional area, the workshops included discussions on the following subcomponents:

- Master data (data elements for processing transactions)
- Business Processes
- Reporting
- Imaging
- Workflow
- Benefits

The results are comprised in the functional areas of this document.

Benefits Identified

The implementation of the SCEIS provides numerous opportunities for improving the business processes and standardizing the way the State conducts back office business functions across each of the agencies. These benefits were identified within each of the functional areas. Some benefit items cross multiple areas as they relate to standardized processing and reporting. Examples of the benefits identified in the individual functional areas include:

- Online system integration; eliminating duplicative efforts
- Minimization of system interfaces and maintenance
- Eliminate the need for reconciliation between the agency and statewide systems
- Ability to monitor and report on budgetary balances with commitments at a statewide level
- Reduction of paper and copying cost as a result of imaging
- Reduce the extent of closing packages required
- Ability to support a consolidated Schedule of Federal Financial Assistance
- Single statewide customer, vendor, and material master files reduces consolidated maintenance efforts
- Improved efficiencies in processing between agencies and central support teams

- Reducing unauthorized grant expenditures
- Ability to support centralized and decentralized procurement
- Online validation and funds availability control at purchase requisition creation
- Pre-encumbrance accounting transactions at the requisition level will ensure that funding is available at the time of invoice payment
- Online reporting on dollars spent against the state contracts
- Automated bid tabulation and recommendation on all quotations
- Providing a set of Standard Terms & Conditions for all agencies

1.5.2 Technical Architecture

During the Business Blueprint phase, a technical review of the SCEIS solution was made. Individual strategies for approaching security, printing, interfaces, reporting, and system administration activities were defined. These strategies have also been included within this Business Blueprint document. The strategies center around the steps and activities that will take place during the implementation component (Realization) of the project. The strategies address recommended courses of action and considerations that must be made in order to develop specific details procedures for addressing the individual technical components.

In order to identify a cost effective method for the technical architecture, the State brought in two solution providers for an analysis and Total Cost of Ownership review. The analysis and results of the reviews have led to the information contained in the two sections comprising the system landscape and development environment sizing. Certain assumptions were provided by the project team that included anticipated users and potential solution components to be implemented.

The State solicited the individual agencies for updated information relating to the type of systems and solutions currently in place in the agencies today. The information requested included the specific system names, purpose and current integration to agency or statewide systems. The survey also looked to identify the number of users of the systems and age of these systems. The survey information will be used to discuss the interfacing of these systems with the SCEIS solution during the agency implementation. It is possible that some of the solutions supporting finance and materials management functions will be replaced by the SCEIS while other program specific systems will continue to be interfaced to the SCEIS solution. The agency and project

team will jointly discuss these opportunities and interfaces during the agency implementation wave timeframe.

1.5.3 Change Management

Change Management focuses on the people aspects of a business transformation. A Change Management methodology helps to manage risk and resistance associated with the implementation of new technologies and processes by mobilizing and aligning the organization's people and promoting widespread acceptance, ownership, and commitment to the change. By addressing change management throughout the implementation process, the State can leverage the new technology, processes, and organizational improvements and provide a smooth transition to the end users. Effective communication, preparation, and leadership can help ease apprehensions and foster an environment which employees are more likely to accept change and look forward to benefiting from the SCEIS solution.

The overall change management approach is based on principles relevant to the SCEIS project which include:

- Identify risks to successful implementation early in the project
- Drive stakeholder understanding and acceptance of the project through planned communications
- Provide actionable guidance for project leadership
- Assess and address the project's impact on the workforce
- Plan and deliver training that promotes employee readiness

Throughout the Business Blueprint phase, the following documents and deliverables were developed to support the Change Management approach for the SCEIS project.

Change Management Strategy and Plan – these documents provide an approach and recommendations to prepare and equip users with the required skills and competencies to be effective in the new SCEIS environment. The plan is composed of five key strategic components including: risk assessment, communications, leadership involvement, workforce preparation, and training. The Change Management Plan also provides a central point of reference and alignment for all change management and training activities throughout the project.

Communications Plan – provides a framework for identification, development, and delivery of project-related communications targeted at stakeholders whose acceptance is required for successful implementation of the SCEIS solution. The Plan helps the project team deliver key messages in a clear, relevant, meaningful, and timely manner using interactive events and published documentation to address the key issues as they arise throughout the project. The Plan includes the following: a matrix of stakeholders, events, communication objectives, key messages, supporting media, and feedback channels; common and repeatable themes to build awareness and acceptance of the initiative; and communication roles and the process for creating and approving messages

Risk Management Plan – a plan that identifies and addresses potential risks before significant consequences occur. This allows for risk-handling activities to be planned and invoked as needed across the project life cycle to mitigate the adverse impacts on achieving objectives. A successful risk management practice is one in which risks are regularly identified and analyzed for relative importance. Risk response planning, risk tracking and risk controlling help managers effectively use program resources. Potential threats are identified and addressed before they occur and personnel consciously focus on what could affect product quality and schedules.

Leadership Interview Report – this report analyzes key risks, issues, and concerns that were identified through executive interviews. This report also provides the basis for the development of a Leadership Strategy during the Realization phase that will recommended the following: on-going activities to engage the State’s leaders; outline the roles and expectations of the top leadership group in building agency support; and determine the decision-making strategies to be used throughout the initiative for resolving agency issues.

Workforce Impact Assessment Approach – the purpose of this document is to outline the approach to understanding the level of impact the SCEIS solution will have on employees and outline the data requirements needed to understand the amount of change that will occur. This Approach document also provides the strategy for developing the Workforce Impact Assessment (WIA). The WIA provides a current “as is” organizational overview of the in-scope SCEIS functions for the State, a high-level overview of the potential impact SCEIS may have on the organization, and suggested roles in implementing SCEIS workforce transition (WFT) activities. The Workforce Impact report will also provide the preliminary data to help support the project in developing WFT strategies as well as the Training Plan during the Realization phase.

1.5.4 Training

In conjunction with Change Management, the successful implementation of the SCEIS solution in the State is dependent on how well employees are equipped to operate in the new business environment. While further details are required as part of the next phase of the implementation, a baseline End user Training Strategy has been developed for how training will be approached during implementation. The SCEIS End-user Training Strategy describes the overall approach for the development of a comprehensive SAP training program for the State. The Strategy provides recommendations for a statewide training methodology as well as a process to develop training curriculum and course materials.

A solution to develop and manage training materials has been identified and licensed by the State. The solution will include the tools provide in the RWD, Inc. InfoPak suite. InfoPak provides a mechanism for recording transactions processed in the SCEIS solution and creating training materials as well as help guides and other project documentation. The solution also includes the tools to provide the guides and steps to end users from a common state Intranet site or portal. Sample training materials and procedures have been included within the End user Training section of this Business Blueprint.

Also during the Business Blueprint phase, training was delivered to the project team in support of their efforts. A preliminary schedule for the project team training was developed during the early stages of the phase. The scope of training covered most of the functional areas at an overview and second level of detail. The SAP education team delivered the courses. The courses covered the following areas:

- Functional Overview
- Accounting Overview
- Fund Accounting
- Project Accounting
- Cash and Treasury Management
- Purchasing Processes
- e-Procurement
- Technical Overview

- System Administration
- Security
- Workflow

1.5.5 Agency Roll-out Planning

The final component of the Business Blueprint involved a review of the implementation timing and rollout schedules across the state agencies. The original rollout schedules were drafted in conjunction with the Business Case Study (the Study) prepared in February 2003. The Study identified each of the state agencies and the timing for rollout of finance and materials management functions as well as the timing for human resources and payroll implementations. While the results of this Blueprint cover the finance and materials management functions only, the schedules were updated to include the timing of the overall SCEIS project, including the budget preparation and human resource/payroll rollouts.

Each of the rollouts of ‘wave’ implementations will involve a select number of agencies based on varying criteria. Certain waves include sets of agencies based on their common business functions. Other waves are defined by the similar accounting and financial systems currently in place. To support the individual wave rollouts an implementation plan and template have been included in this document. The plan and template address the specific type of items to be reviewed and considered by each agency during their implementation. Many of the items in the plan and template can be reviewed and gathered prior to their implementation wave so as to be as ready as possible when the wave begins. The information requested in the template will also serve to validate the duration and scope of the individual agency rollout.

As each agency rollout begins, the SCEIS project team will assign a ‘Agency Liaison’ to the agency. The liaison may cover between one and five agencies. The agencies will assign a Project Manager, a Change Management lead, a Technical Lead and the appropriate resources within the finance and procurement areas. The agency team members will participate in defining the specific master data, confirming business processes, communicating with their employees on anticipated changes, converting legacy system data, and confirming infrastructure requirements. Where an interface from a program specific solution is required, the agency will be responsible for the development of the extract from the legacy system into a predefined format. The SCEIS project team will develop the programs to process the interface transactions. The agencies will also need to prepare for training and cut-over processes. Time will need to be set aside to attend and

participate in training efforts. At the point of cut-over to the SCEIS solution, each agency will need to have a structure in place to assist users based on the agencies policies.

Items relating to the implementation will be reviewed with each agency during their implementation planning efforts. A detail plan will be developed by the agency and the liaison based on a plan template. The agency will be responsible for managing the plan, assessing completion, and assigning resources. The liaison will work with the agency to review processes and be the conduit to the project team for additional support.

1.6 SCEIS Functional Scope

The Business Blueprint activities were built using the scope as identified in the pilot implementation and through review of the Study. As the activities progressed, additional functionality and solutions were sought by the SME's and the SCEIS project team. The following section identifies the scope of the SCEIS rollout as agreed to by the project team.

Exhibit 1.6-1 Functional Scope Summary

Finance Functionality	Procurement Functionality	Technical Solutions
Funds Management	Purchase Requisitions	NetWeaver
General Ledger	Invitations to Bid	Exchange Infrastructure
Accounts Receivable	Purchase Orders	Business Warehouse (standard cubes)
Accounts Payable	Inventory Management	Enterprise Portal (in support of SRM)
Cash Management (reporting and cash control)	Supplier Relationship Management (SRM)	
Asset Accounting	Enterprise Buyer	
Travel (interim solution prior to HR/Payroll)	Catalog Management	
Cost Accounting		
Project Accounting		
Grants Management		
Sales and Distribution		

Funds management functionality will be used to manage the budgetary controls for the legal state budget (Appropriation Act). The budget, as approved, will be loaded in the SCEIS solution

through an automated upload process. In a later phase of the project, the Budget Preparation module will be setup for agencies and the central Budget Office to manage the preparation and approval of the legal budget. Until the budget preparation functionality is implemented, the process will remain the same. Appropriation transfers and budget changes (additions and reductions) will be processed in the SCEIS solution and managed through the central Budget Office.

The general ledger functionality supports standard journal entry processing. These entries can be adjustments that occur based on mistakes in previously posted documents as well as entries to support recurring transactions. Interfaces from legacy systems will generally record as journal entry transactions unless the data passed required other levels of tracking or processing (i.e. accounts receivable by customer, payments to vendors, etc.). The general ledger includes cross-functional details to support business warehouse-based queries and reports. Closing processes for year-end (as well as month-end) reside within the functions of the general ledger. Other components may have specialized processes for year-end and month-end; however, standard period-end transaction processing is controlled through the general ledger.

Accounts receivable includes functions to record, age, liquidate, and dun customers for invoice-related transactions. The accounts receivable functions will be used by agencies (where appropriate) to replace legacy systems. Certain legacy systems in the agencies will remain to generate billing amounts or to track detailed customer data subject to HIPAA requirements. Liquidations to accounts receivable balances will be processed through lockbox transactions or in the case of Inter-departmental Transfers (IDT), through a custom interface. The lockbox transactions will be received from the bank on a daily basis, reviewed by the State Treasurer's Office and posted into the SCEIS solution. Where lockbox transactions do not contain the necessary details to liquidate or post within the SCEIS, a suspense account will be used by the State Treasurer's Office and cleared by the agency.

Accounts payable includes the ability to process payment vendor invoices originating from purchase order activities as well as invoices for direct payments. Invoices from purchase order activities will be subject to the appropriate matching rules (2-way, 3-way) based on the types of goods/services procured. Direct payables do not include matching requirements within the SCEIS solution and will be processed as if no online purchase order was issued. The invoices will utilize the payment program parameters to maximize the discounts available based on the terms and due date of the invoice.

Cash is controlled by the State at the 'subfund' level for most non-General Fund activities. The cash management functions will provide reporting information on participation in pooled cash as well as a mechanism for placing cash controls on transaction processing. The cash control function does not exist at the fund level in the SCEIS solution and options have been identified in the Cash Management section of this Blueprint.

Functionality within the Asset Accounting module supports the tracking and depreciation activities involved with acquiring and managing an asset. The asset records will include the specific details related to the type of asset, asset useful life, asset location, etc. The information captured within asset accounting will allow for the asset to be reported accurately based on the accounting method for financial reporting purposes. The functionality will also support the ability to transfer or retire an asset.

The State captures specific information during the processing of travel-related payments. The information is used to generate reports for management and the legislature on incurred travel. Travel payments are often made directly to the employee. In certain instances, the payment is submitted directly to a third party on behalf of the State employee. In these instances, the State continues to track the beneficiary of the travel payment. This information will be captured either within the SCEIS solution or an agency-leveraged solution. Long-term, the travel management functions within the SCEIS solution will be used; however, in order to utilize this portion of the solution, Human Resource information is required. The interim solution will be defined in the Realization activities.

Cost accounting functions exist within the SCEIS solution under the Controlling module. The cost accounting functions provide the ability to manage and track the actual costs of operating specific groups of individuals. This function is referred to as cost center accounting. Other functionality will be implemented to support the settlement of costs. Settlements include the ability to allocate or assess costs from one collector to one or many receivers. Rules are defined as to how the distribution is to occur. The functionality utilized by the State will also include the distribution of overhead costs to the appropriate receivers. Currently, overhead is allocated or identified as part of the grant processing and may be included in the future by the State for true project costing.

Project accounting refers to the ability to track and budget project costs. The tracking and monitoring can be at various levels within the project structure. The structure will be established

so as to provide a crosswalk from the SCEIS solution to the statewide project information system. The statewide system for project monitoring and approvals (SPIRS) will remain in place and receive transactional data from the SCEIS solution in lieu of STARS. At a later point in the future, SPIRS may be re-evaluated for replacement by other SCEIS components.

Grant functionality has been enhanced in the new release of the SCEIS solution and contains functionality to track sponsor, to control budgets, to route items for approval, and to support the generation of reports (interim grant reports as well as year-end required reports). Budgets within the grants functionality have the option of integrating with the funds management functions. The options for integration are presented in the grants section of this document and will be determined during the Realization activities.

Sales and Distribution (SD) provides functionality to support the billing of internal and external organizations for services and products provided. A small component of the SD solution is used in the Grants Management area to support grant billing functions; however, the can be used to support rate based billing systems in the State, largely in place within the Budget and Control Board. The SD functionality was not implemented for the pilot agency and will require an additional blueprint review during realization.

The procurement functionality will be used to manage and report on all State procurement activity. It will include full life cycle management so that the State and agency procurement offices will be able to manage all of their procurement activities. The process will begin with a requisition and flow through the invitation to bid (source selection) into ultimately a procurement agreement with a vendor in the form of a purchase order or contract. During these processes there will be real time integration with finance functions for funds management encumbrances and financial code validations. The procurement processes will flow seamlessly into the accounts payable process to facilitate payment to the State's vendors. This will allow for full life cycle reporting and spend analysis across all procurement activity.

The inventory management functionality will be used to manage and report on all State inventory management activity. The processes will include functionality to allow individual agencies to receive and issue goods and services, perform physical inventory counts and transfer goods within their agencies and across agencies. Inventory management will be real-time integrated with procurement and finance to allow receipt against purchase orders, automatic financial postings and accounts payable 3-way matching.

SRM functionality support the 'shopping cart' functionality for the creation of procurement documents. The SRM toolset will allow additional flexibility and control for the agency implementation of procurement functions. Catalog management, as part of the SRM functionality, will provide a mechanism for users to select specific items from vendor approved online catalogs. The catalogs will include the latest and most up to date information and provide tracking and procurement history information.

NetWeaver is the backbone of the application environment. This is an upgrade from previous versions of the solution and now includes additional capabilities and options. Compliance with accessibility regulations has been included with the new versions of NetWeaver. The compliance allows for integration of JAWS and other screen reader devices for functional transactions. The new platform also further integrates the Public Sector solution as part of the installation and management of the software as opposed to a separate installation, after the foundation was built.

Exchange Infrastructure (XI) includes communication utilities for passing data between systems. This includes between SCEIS and legacy applications as well as within SCEIS solutions. The business warehouse now takes advantage of the communication utilities available within XI.

Business Warehouse will provide the capabilities for standard reports and queries to be developed and rollout out for all agencies (based on security parameters) to access. The business warehouse solution is installed with a numerous standard cubes of information and predefined queries. The business warehouse toolset will be used as the primary reporting vehicle for the State and its agencies. The agencies will have the capabilities to defined and create their own ad hoc reports. Reports generated by the central team stored and accessed by all agencies.

Enterprise portal contains multiple components. The SCEIS solution will be leveraging the transactional access side of the portal for logging in and processing procurement-based transactions. Other functions within the portal will not be used in the initial implementation.

1.7 Solution Gap

Through the workshop discussions and reviews of the functional areas, requirements were identified and evaluated for fit into the SCEIS solution. Items that did not have an immediate fit were reviewed for options. During the course of the workshops, one item was identified that did not fit into the current SCEIS solution. This item has been classified as a "gap" between the intended requirement of the State and the functionality of the SCEIS solution. It is however

expected that other minor gaps will be identified as the individual agency implementations are initiated. The project team will identify the gap, propose options and solutions, and work with the agency to come to a resolution. These gaps will be documented as open items and tracked accordingly.

1.7.1 Cash Control

Cash control is maintained in the SCEIS solution at the bank account level. These cash controls are intended to prevent the over-spending of bank account balances on accounting transactions. The 'gap' has been reviewed with SAP personnel and other State implementations. One international organization has a similar requirement and has developed a custom solution to allow for control of cash at the Fund level. Discussions and a review of the options available for the State in their SCEIS solution have identified the following potential solutions:

- Acquire and adjust the international organization's code to fit the State;
- Develop a solution external to the SCEIS solution that monitors the flow of cash;
- Monitor cash balances at the fund level and use a pooled cash concept for cash balances.

No conclusion as to the approach that the SCEIS solution will take has been made. The options will be reviewed in detail during the next phase along with the details supporting the custom code developed for the international organization.